

# WARREN COUNTY TREASURER

**Michael R. Swan**  
County Treasurer

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To: All Supervisors  
From: Michael R. Swan, Treasurer  
Date: April 21, 2022  
Subject: Budget Analysis Report

## **Budget Analysis Report**

The purpose of the monthly budget analysis report is to make the County Supervisors and Administration aware of certain issues that may present a problem in the near future or are currently a problem. It is important that appropriate action be taken to address these issues or concerns before they become a problem.

We have analyzed the revenue and expenditure budgets for the County departments as of March 31, 2022 and have noted the following items Supervisors should be aware of. Please note that we have finalized the 2021 numbers and have provided the following analysis:

### **2021 Unassigned Fund Balance**

The following shows the Unassigned Fund Balances for the General, County Road and Road Machinery Funds covering the period of 2017 to 2021. Please note that included in the General Fund, County Road and Road Machinery balances for 2020 is an accounting change related to accrued vacation in the amounts of \$2,435,262, \$158,011 and \$41,840, respectively, which account for a portion of the increase in fund balance. Please note that an additional \$1.8 million was appropriated from General fund balance in 2022.

<u>Unassigned Fund Balance/Surplus(Deficit)</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund	19,470,218	22,960,849	23,155,426	26,832,093	36,590,975
County Road	1,053,393	982,348	797,513	1,223,936	563,530
Road Machinery	438,053	464,020	169,122	578,549	285,484

### **General Fund 2021 Budget Results**

The following shows an analysis of the General Fund adopted budget and actual balances. As noted below, the amended budget produced a \$3.8 million deficit while the actual for the year was a \$9.2 million surplus. This produced a \$13.1 million favorable budget variance.

	<u>Adopted</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance</u>
<u>General Fund (Excluding Tourism)</u>	<u>Budget</u>	<u>Budget</u>	<u>Balances</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues	133,635,089	137,716,000	147,155,105	9,439,105
Expenditures	134,856,944	141,559,961	137,907,822	3,652,139
Surplus/(Deficit)	<u>(1,221,855)</u>	<u>(3,843,961)</u>	<u>9,247,283</u>	<u>13,091,244</u>

The following shows some noteworthy General Fund variances between 2021 amended budget and actual balances.

	Amended	Actual	Variance
	Budget	Balances	Favorable (Unfavorable)
<b>Revenues</b>			
Gain - Sale of Tax Acquired Property	150,000	453,399	303,399
Sales Tax	55,015,895	64,978,027	9,962,132
VLT/Tribal Compact Moneys	375,000	-	(375,000)
Mortgage Tax	2,000,000	3,080,296	1,080,296
Rental of Real Property (DSS)	650,000	1,366,818	716,818
Jail Services, Other Govt	200,000	478,092	278,092
Disease Control - Public Health	164,316	522,770	358,454
Phys Handicapped Early Intervention	394,711	141,124	(253,587)
Social Services Admin (State)	1,393,943	2,345,213	951,270
Social Services Admin (Federal)	3,935,894	2,592,231	(1,343,663)
Daycare - Social Services	970,000	510,229	(459,771)
Services for Recipients (Federal)	250,000	620,804	370,804
Repay of Child Care	650,000	998,034	348,034
<b>Expenditures</b>			
Distribution of Sales Tax	25,865,137	30,463,986	(4,598,849)
Health Services - Contract	1,319,760	835,461	484,299
Home Relief	1,400,000	1,089,029	310,971
OFA-Hamilton County - Contract	386,823	95,742	291,081
Salaries	39,110,090	37,929,712	1,180,378
Health	9,450,064	8,900,738	549,326
Retirement	6,238,427	5,854,535	383,892

## 2021 Restricted Fund Balance

The following shows the Restricted Fund Balances for the General, Debt Service, County Road and Road Machinery Funds as of December 31, 2021.

### Restricted

<b>General Fund</b>	<b>Purpose</b>	<b>Balance End of Year</b>
Capital		
Rehabilitation of County Buildings	Future building capital costs	\$ 142,083
Bridge Replacement & Repair	Future bridge capital costs	1,484
Up Yonda Repairs & Improvements	Future Up Yonda capital costs	138,007
Railroad Repairs	Future railroad capital costs	9,580
County Railroad Repairs	Future County railroad capital costs	197,465
Equipment, Storage & Vehicle	Future equipment capital costs	7,566
Computers	Future computer capital costs	267,549
Vehicles	Future vehicle capital costs	172,701
Airport Repair & Projects	Future airport capital costs	142,875
SUNY Adirondack Cap Imp	Future SUNY Adirondack capital costs	100,000
Countryside Rehabilitation	Future Countryside capital costs	253,000
Election Equipment	Future election equipment costs	351,624
Total		<u>\$ 1,783,934</u>
Other Restricted		
Occupancy Tax	Future costs relating to tourism	\$ 4,258,652
Probation	Future probation program costs	2,902
Forfeitures Crime	Future Sheriff and DA crime fighting costs	514,821
Environmental Testing Fund	Future costs relating to environmental testing	211,247
Stop DWI	Future costs of the Special Traffic program	165,111
Westmount Legacy Costs	Future costs relating to Westmount retirees	3,834,030
Insurance	Future costs relating to uninsured losses	15,000
Employee Benefit Accrued Liability	Future costs relating to accrued employee benefits	65,000
Total		<u>\$ 9,066,763</u>
<b>Debt Service Fund</b>		
Debt		
Bonded Debt	Future debt service costs	\$ 89,464
Total		<u>\$ 89,464</u>
<b>County Road Fund</b>		
Capital		
Highway Road Projects	Future highway road capital costs	\$ 2,988,870
Total		<u>\$ 2,988,870</u>
<b>Road Machinery Fund</b>		
Capital		
Motor Fuel Farms	Future motor fuel farm capital costs	\$ 52,117
Total		<u>\$ 52,117</u>

## Revenues

### American Rescue Plan Act (ARPA)

In June, 2021, the County received \$6.2 million in ARPA funding to be used for various purposes in response to the COVID pandemic. The County is expected to receive another \$6.2 million in June, 2022. As noted in the US Treasury Final Rule, costs must be obligated by December 31, 2024, and expended by December 31, 2026. The following is an accounting of the amount of ARPA funds expended and obligated as of January 31, 2022 and the balance remaining.

Balance Remaining as of 1/1/22	6,190,459
2021 Expenditures Approved in 2022	(122,335)
2022 Expenditures	(20,316)
2022 Obligations	<u>(96,697)</u>
Balance Remaining as of 3/31/22	<u><u>5,951,111</u></u>

### Trash Hauling Permit Fees

In 2021, the County instituted a new trash hauling permit system and started collecting hauling permit fees in 2022. It is estimated that for 2022, the County will only collect \$8,600 in hauling permit fees while the labor cost including fringe benefits of the full-time employee hired to oversee the program is \$59,422 which equates to a cost of \$50,822. We suggest that this program be closely reviewed since it appears that the County is going to have significant costs each year running it.

After the issuance of the previous month's budget analysis report, we had received previously requested information from the department head concerning this program and we now have a better understanding of the program. Every County service represents a cost, some of which are offset with revenue. We determined that it was appropriate to report the net cost of this new program in the Budget Analysis Report.

### County Clerk

**County Clerk Fees** – As of March 31, the department has received \$343,441 in County Clerk Fees in 2021 and \$337,032 in 2022 which is a decrease of 2%. It should be noted that the 2022 amount is at 25% of the budget for this account so the actual revenue received is on target with the budget.

**Mortgage Tax** – As of March 31, the department has received \$665,106 in Mortgage Tax in 2021 and \$814,481 in 2022 which is an increase of 22%. It should be noted that the 2022 amount is at 36% of the budget for this account so the actual revenue received is on target to exceed the budget.

**Automobile Use Tax** – As of March 31, the department has received \$72,741 in Automobile Use Tax in 2021 and \$60,134 in 2022 which is a decrease of 17%. It should be noted that the 2022 amount is through February and is at 12% of the budget for this account, so the actual revenue amount received is behind the budget for the year.

### County Treasurer

**Sales Tax** – It has been noted that we have collected \$2,512,166 more in sales taxes through March 31, 2022 than we did through March 31, 2021 which is a 21.5% increase. This increase would have been greater if \$81,489 had not been withheld by the State for fiscally distressed health care facilities. We have received \$3,230,792 more than the 2022 revenue budget.

## Tourism

**Occupancy Tax** – As of December 31, the department has received \$4,238,439 in Occupancy Tax revenue in 2020 and \$6,895,987 in 2021 which is an increase of \$2,657,548 or 63%. Of the 2021 total amount, \$941,335 is from short term rentals and remarketers. These amounts represent final collections for each year.

The department has collected \$196,498 more in occupancy taxes as of March 31, 2022 than we did as of March 31, 2021 which is an 81% increase.

## Sheriff's Correction Division

**Jail Services, Other Government** – As of March 31, the department has received \$105,202 in Jail Services, Other Government in 2021 and \$110,916 in 2022 which is an increase of 5%. It should be noted that the 2022 amount is at 34% of the budget for this account so the actual revenue received is on target to exceed the budget.

## Building & Fire Code

**Building Permits** – As of March 31, the department received \$41,366 in building permits in 2021 and \$52,961 in 2022 which is an increase of 28%. It should be noted that the 2022 amount is at 25% of the budget for this account so that actual revenue received is on target with the budget.

## Health Services

**Home Nursing Charges** – As of March 31, the department has received \$431,251 in Home Nursing Charges in 2021 and \$263,404 in 2022 which is a decrease of 39%. It should be noted that the 2022 amount is through February and is at 6% of the budget for this account so that actual revenue received is behind the budget.

## **Expenditures**

Please see the attached Budget Exception report which summarizes budgeted expenditure line items where there is currently a problem or there may be a problem in the future. We are reporting on an exception basis only. **Over expended budget line items are highlighted in red.**

## County Road Projects

The following shows the County Road project amended budget and costs for the past five years. Please note that any unexpended balance gets carried over to the subsequent year and is added to that year's budget for road projects. As noted below, DPW did not expend \$2,988,870 of the 2021 amended budget for the road projects. **We have not received any corrective response on this issue. The department will have the \$3 million below and the \$10 million in the 2022 budget for a total of \$13 million to spend for 2022 and as noted below, the department did not spend 54% of the road project budget for 2021. Of the \$13 million budget, the County is borrowing \$6.2 million in 2022.**

	2017	2018	2019	2020	2021
Amended Budget	4,377,877	4,478,293	5,275,182	4,155,480	5,579,432
Amount Expended	3,035,064	2,636,713	4,119,702	2,875,631	2,590,562
Amount Unexpended	1,342,813	1,841,580	1,155,480	1,279,849	2,988,870
% of Budget Unexpended	30.7%	41.1%	21.9%	30.8%	53.6%

## Capital Projects

Departments are responsible for administering their capital projects and making sure that they are closed in a timely manner after completion. The following are capital projects where there has not been any recent activity and a determination should be made by the responsible department whether or not the project should be closed. This has been a recurring issue and the County has been written up in the past by our auditors.

<u>Planning</u>	<u>Date of Last Activity</u>	<u>Cash</u>	<u>Balance owed to Other funds/Govt</u>
H340-First Wilderness 2012	7/2019	71,704	-
<u>DPW</u>			
H263-Design&Construct Hlth&Human Srv Bldg	7/2018	11,037	-
H351-CR44 Over Hudson River Bridge Paint	12/2017	3	-
H391-Airport Two New Snow Plows	12/2020	132	-

## Insurance Reserve/Surplus

Resolution number 594 of 2011 authorized the creation of an insurance reserve in the amount of \$550,000 to offset potential costs if the County decides to terminate coverage with BSNENY and Resolution number 624 of 2014 increased the reserve to \$1,000,000. The reserve is funded by a factor added to the monthly health insurance cost charged to each County department and employee. The County's health insurance advisor determined the amount of monthly health insurance that is charged. A surplus is created when more funding is collected for the County and employee portions of health insurance than what is needed to pay health insurance administrative costs and claims.

The County implemented a self-insurance program starting December 1, 2017. As a result, \$918,922 was paid to BSNENY to terminate coverage. As noted below, the balance of the reserve and surplus as of December 31, 2021 is \$8,259,570. Consideration should be given to using some of this reserve to lower employee and County health insurance costs in the future.

	<u>Reserve</u>	<u>Surplus</u>	<u>Total</u>
12/31/2012	550,000	74,487	624,487
12/31/2013	550,000	1,053,283	1,603,283
12/31/2014	1,000,000	2,737,445	3,737,445
12/31/2015	1,000,000	4,375,037	5,375,037
12/31/2016	1,000,000	4,867,898	5,867,898
12/31/2017	81,078	5,441,408	5,522,486
12/31/2018	81,078	5,426,650	5,507,728
12/31/2019	81,078	6,577,870	6,658,948
12/31/2020	81,078	7,140,560	7,221,638
12/31/2021	81,078	8,178,492	8,259,570

## Workers' Compensation Contributed Reserve

The following shows the balances in the Workers' Compensation Contributed Reserve from 2017 to 2021. As noted below, the balance has significantly declined in 2021. A portion of the decline is attributable to using the reserve to fund a 15% reduction (\$179,295) in workers' compensation participant assessments. In addition, there were some large unexpected medical and compensation awards in 2021.

2017	1,059,422
2018	1,642,959
2019	1,010,860
2020	1,091,405
2021	413,598

## County Debt Balances

The following shows the County's current debt outstanding as of March 31, 2022 along with ending debt balances for future years:

	Current	End of 2022				2026-	2031-	2036-
	Balance	Balance	2023	2024	2025	2030	2035	2037
Bonds								
Pub Safety Bldg & Com Upgrade	2,165,000	1,085,000	-	-	-	-	-	-
Recovery Act Bonds, Various Proj	11,630,000	10,935,000	10,205,000	9,445,000	8,660,000	4,250,000	-	-
Court Expansion - 2015	6,260,000	5,890,000	5,510,000	5,120,000	4,720,000	2,535,000	-	-
Court Expansion - 2017	6,665,000	6,665,000	6,290,000	5,910,000	5,520,000	3,425,000	1,050,000	-
SUNY Adirondack NSTEM - 2017	4,515,000	4,515,000	4,260,000	4,000,000	3,735,000	2,320,000	710,000	-
Capital Leases								
Municipal Center Energy Project	279,885	-	-	-	-	-	-	-
Countryside Adult Home Energy Proj	-	-	-	-	-	-	-	-
Total Outstanding	31,514,885	29,090,000	26,265,000	24,475,000	22,635,000	12,530,000	1,760,000	-

Again, we invite comments from Supervisors and department heads to expand this into a more useful management tool in these critical financial times.